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THE

# INTERIM

A REPORT OF INTERIM ACTIVITY . . . MONTANA LEGISLATIVE COUNCIL . . . HELENA

OCTOBER 1986

VOL. V. NO. 17

## JOINT INTERIM SUBCOMMITTEE ON VO-TECHS/JOB TRAINING

FINAL MEETING  
EARLY  
NOVEMBER

The Joint Interim Subcommittee on Vo-Techs/Job Training will hold a final meeting in early November to establish final recommendations on the possibility of state governance and funding for the vo-tech centers, to review the status of the state's new job training program for welfare recipients, and to suggest any revisions in that program if appropriate.

## INFRASTRUCTURE COMMITTEE CONSIDERING LEGISLATION

FINAL MEETING  
OCTOBER 24

The Interim Subcommittee on Infrastructure will hold its final meeting on Friday, October 24, in Room 410 of the Capitol. At that time it will adopt a final report including specific legislative recommendations. Options before the committee include the following:

1. expanding the use of coal severance tax bonds to underwrite loans to local governments for infrastructure projects generally;
2. using coal severance tax revenue for direct grants to local governments for infrastructure projects; and
3. giving local governments authority to impose a local tax, such as a payroll tax, luxury tax, or hotel tax, for a limited time period to finance a specific project, subject to voter approval.

Public reaction to these proposals was elicited at two hearings in Billings and Missoula in September. City and county officials advocated local option taxes, while other speakers recommended use of coal tax funds to finance infrastructure projects.

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JOINT INTERIM SUBCOMMITTEE ON AGRICULTURAL  
PROBLEMS

EIGHTH  
MEETING  
SEPTEMBER 19

GRAIN  
MARKETING  
PROPOSAL

The Joint Interim Subcommittee on Agricultural Problems held its eighth meeting of the interim on September 19 in Billings.

At this meeting the subcommittee gave further consideration to a bill to establish a state voluntary grain marketing program that would allow producers and commodity dealers to market a "100% Montana limited blended grain." Such grain would have to meet these requirements:

1. the grain must be produced and harvested in the state of Montana;
2. the grain must not be blended or in any way intermingled with grain of a different type or lower quality;
3. the grain may not be combined or recombined with dockage, water or foreign material;
4. no blending of grain with similar grain of different moisture content would be permitted if the difference between moisture contents is more than 1%; and
5. in addition to all other requirements, the grain must meet any other specifications for quality, such as protein content, which is agreed upon between the buyer and the producer or the buyer and the producer's agent.

SEVEN OTHER  
AREAS OF  
INTEREST

At the meeting the subcommittee also discussed seven proposed options for possible new legislation that may be recommended to the 1987 Legislature. These options are summarized below as follows:

BANKING

1. amend state banking regulations to allow prudently managed banks to amortize loan losses on a multiple-year basis as a means of enabling banks to preserve their capital, to maintain their capacity to extend credit to agricultural borrowers, and to work out debt restructuring plans with financially-troubled farmers;
2. permit banks to hold foreclosed land for a longer period of time in order to preserve

farm real estate values and to allow banks to stabilize their capital;

BEGINNING FARMERS	3. revamp the Montana Beginning Farm Loan Program to make it a viable program to assist beginning farmers and ranchers in obtaining loans for the purchase of agricultural land and property;
	4. authorize creation of a marketing division in the Montana Department of Agriculture, which will promote Montana agricultural products in both foreign and domestic markets, and assist producers and marketers in dealing with potential buyers, trade representatives, and government agencies;
UNIVERSITY RESEARCH	5. redirect university agricultural research and extension services to the primary purpose of (a) increasing net farm income, (b) reducing the overall production costs of farming, (c) promoting sound agricultural resource management, (d) expanding demand for farm products, and (e) developing new agricultural markets;
	6. require the university Agricultural Experiment Station to accelerate research on the development of a sawfly resistant, solid-stem wheat, and to make wheat research a top program priority; and
HUNTING ACCESS FEE	7. provide for a state hunting/recreational fee access program as a means of (a) allowing farmers to earn additional farm income by providing them an alternative use for their land, (b) controlling game damage on agricultural lands, and (c) promoting greater satisfaction of landowners for their contribution to maintaining wildlife habitat.

The seven options are presented in a committee work paper entitled "Policy and Program Options to Address the Economic Problems of Agriculture in Montana", which was prepared by Legislative Council staff.

Also available is a paper that discusses liability issues associated with providing fee access for hunting. This paper is entitled "Legal Considerations of Block Hunting on Private Property for a Fee". This paper was discussed as part of the committee's study on game damage.

The group learned that although there are no specific prohibitions of state or landowner involvement in a fee access hunting program, there may be landowner liability and professional licensing issues that would need statutory clarification.

The subcommittee also heard a staff report on Wyoming's landowner coupon reimbursement program for deer and antelope hunting on private property. In Wyoming, landowners receive \$8 for every deer or antelope killed on their land.

The subcommittee heard testimony from landowners and outfitters that Montana should be doing more to encourage nonresident hunting. Interested persons suggested more nonresident licenses and allowing landowners to acquire nonresident licenses that could be used for hunting on the landowner's property only.

NO DATE FOR  
NEXT MEETING

The subcommittee has not established a date for its next meeting.

JOINT INTERIM SUBCOMMITTEE ON LIEN LAWS

FINAL  
PROPOSALS TO  
BE MADE  
NOVEMBER 14

The subcommittee chairman added one topic to the agenda of the subcommittee's final meeting on Friday, November 14, when he asked members to consider possible changes in the statutes on agister's liens. Necessity for review of this subject was highlighted by a recent decision of the Montana Supreme Court.

A revised draft of the proposed new Construction Lien law has been provided to interested persons. That proposal and other lien laws' changes will get final action at the meeting which will begin at 9 a.m. in Room 108 of the Capitol.

JOINT INTERIM SUBCOMMITTEE ON THE LAW ENFORCEMENT  
ACADEMY

ON-SITE  
INSPECTIONS

The Joint Interim Subcommittee on the Law Enforcement Academy met September 22 - 24 to conduct on-site inspections of facilities proposed for location of the Montana Law Enforcement Academy (MLEA). The on-site inspections were held in Dillon, Great Falls, and Lewistown, which remain under consideration as possible sites for the Academy.

DILLON

The subcommittee reviewed the Dillon/Western Montana College proposal and toured college

facilities proposed for use by the Academy, which included Clark Hall, the Office/Classroom Complex, Student Cafeteria, PE/Arena Complex, and Library.

**GREAT FALLS** The subcommittee examined the College of Great Falls (CGF) proposal and performed an inspection of proposed MLEA facilities, including Emily Hall, McLaughlin Center, CGF Library, College Kitchen/Dining facility, and the Malmstrom Air Force Base firing range.

**LEWISTOWN** The Lewistown proposal was discussed and the subcommittee inspected proposed MLEA facilities, which included the Calvert Hotel, the former Fergus County High School, and the state motor vehicle training area in Lewistown.

**MANY ISSUES PROBED** In conjunction with the on-site inspections, the subcommittee held public meetings, at which it discussed issues and concerns relating to each proposal. A number of serious issues were raised but not resolved at these meetings. Some of these issues are contained in committee reports prepared by the Legislative Council staff.

Also at these meetings, the subcommittee received reports and other information prepared by the Office of the Legislative Auditor and the Architecture and Engineering Division.

**NEXT DATE UNCERTAIN** The next meeting of the subcommittee has not been scheduled. However, the subcommittee may meet on October 22 to discuss the Academy proposal with a special study committee appointed by the Attorney General. The special study committee has been formed to determine which, if any, of the proposals should be accepted by the Attorney General.

#### JOINT INTERIM SUBCOMMITTEE ON LIABILITY ISSUES

**ACTION ON 27 BILLS SET FOR NOVEMBER 22** The Joint Interim Subcommittee on Liability Issues met September 26 in Helena. Most of the day was spent reviewing 27 bill drafts concerning tort reform and insurance regulation. The bills were submitted by interested groups and individuals and by subcommittee members. Sponsors of the proposed legislation were given an opportunity to present their bills to the subcommittee and to respond to questions.

Subcommittee members agreed to delay action on the bill drafts until their final meeting scheduled for Saturday, November 22.

## ENVIRONMENTAL QUALITY COUNCIL

The Environmental Quality Council met in Great Falls September 18 and 19 in conjunction with the Conference on Innovative Approaches to Subdivision Laws. The EQC discussed application of the revised Northwest Power and Conservation Plan for Montana, oil and gas issues, as well as several administrative matters, including efforts toward consolidation of certain functions within the legislative branch.

### SUBDIVISION CONFERENCE

The subdivision conference highlighted several concepts, including the need for a distinction between urban and rural subdivisions, and the use of quasi-judicial hearings for large subdivisions. The national experts who participated in the conference also felt that the public interest criteria and the subdivision exemptions were major problems in the Subdivision and Platting Act. The conference, which was very well attended, will provide the foundation for efforts to achieve consensus on a more workable and effective subdivision law.

### PUBLIC HEARINGS

The EQC has scheduled two public hearings on subdivision laws for October 7 at 6:30 p.m. at the Public Library in Billings, and for October 15 in Missoula at the Public Library at 6:30 p.m.

### MEETING NOVEMBER 13 AND 14

The EQC will meet again for consideration of all of its major study issues on November 13 and 14 in Room 405 of the Capitol.

### LEGISLATIVE AUDIT COMMITTEE

### MEETING NOVEMBER 14

The Legislative Audit Committee will meet November 14, in the Capitol.

Among other topics, the committee will discuss the performance audit of controls over state agency telephone use.

### COPIES AVAILABLE

Copies of all reports are available upon release by the LAC from the Office of the Legislative Auditor, Room 135 of the State Capitol, Helena, MT 59620, (telephone 444-3122).

### LEGISLATIVE COUNCIL

### MCA ON BEST SELLER LIST

At its meeting September 26 the Legislative Council:

	--voted to use indexes from sets of the Montana Code Annotated reserved for use of legislative committees to complete sets of the code available for sale to the public. Because of an unanticipated increase in demand for the code, the Council has sold out the original stock of complete sets and is now forced to make up sets from individual volumes in stock;
PROCEEDINGS \$475	--set the price of the 1987 Legislative Proceedings at \$475 plus \$150 for mailing. The proceedings include bills, resolutions, amendments, bill status reports, daily journals, bill indexes, fiscal notes, History and Final Status, and the Joint Rules Book;
APPROPRIA- TIONS LAW	--heard a report from Staff Attorney Lee Heiman concerning substantive law in general appropriations bills, available from the Council, and asked Mr. Heiman to continue his study on this subject;
BILL ON STUDIES	--approved a bill draft that would authorize the Legislative Council to assign to statutorily created committees (in addition to subcommittees of standing committees), studies of issues of statewide importance which may arise when the legislature is not in session;
ORIENTATION	--decided against a staff-presented legislator orientation at the Legislative Caucus November 15 and voted to ask leadership to schedule an orientation on one of the first three days of the 1987 session in which Council staff would participate.
SPECIAL SESSION PUBLICATIONS	Legislators should have received the History and Final Status from the June Special Session and the Session Laws for the special session, both of which were mailed in mid-September. The Journals for the special session are scheduled to be mailed the first part of October. The code pamphlet, which contains the statutes affected by the special session as well as the new Supreme Court rules of appellate procedure, is scheduled to be mailed the last week in October.
NEXT MEETING NOVEMBER 7	The Council will meet November 7.
	LEGISLATIVE FINANCE COMMITTEE
FISCAL 1986 GENERAL FUND REVENUE AND FUND BALANCE	While actual fiscal 1986 revenue differed from the Legislative Fiscal Analyst forecast by less than 1 percent, the fiscal 1986 ending general fund balance was lower than expected. As a conse-

quence, the forecast of the 1987 biennium ending balance was lowered to a deficit of \$4.7 million from the \$1.8 million surplus projected following Special Session 3. The downward revision of \$6.5 million in the anticipated fund balance resulted chiefly from accounting changes made in fiscal 1986 to conform to generally accepted accounting principles (GAAP). The changes removed \$5.4 million from the beginning fund balance and reversed adjustments made in fiscal 1985.

**TAX REFORM** MONTREC and the university system informed the committee of their views on taxes and tax reform. The Department of Revenue presented the booklets called "Your Taxes in Montana".

**CONSULTEC** Medicaid providers are concerned about problems with timeliness of reimbursement from Consultec, the medicaid claims processor. A major concern seems to be having SRS notify Consultec that the recipients are medicaid eligible in a timely manner. If the recipient is not coded as eligible, all claims are rejected. The pharmacists indicated the problem is significant enough that a few towns no longer have medicaid pharmacist providers. SRS said a \$5 million proposal to computerize the eligibility process will be presented to the 1987 legislature. This would eliminate the problem of timely eligibility information.

**EARMARKED REVENUE** There are 212 earmarked revenue accounts with a fiscal 1986 ending fund balance of \$154 million. Montana has 61 percent of its tax revenue earmarked. In contrast, other states have been reducing earmarking provisions and the national average is 24 percent of taxes earmarked. The major disadvantage of earmarking revenue is loss of budgetary flexibility. The most common and perhaps strongest justification for earmarking revenues is that earmarking can serve to pass the cost of providing a government service to the group who is benefitting from the service. The Legislative Finance Committee (LFC) is going to have legislation drafted to establish general controls for establishing future state special revenue, earmarked accounts. The committee is also going to review as many as possible of the existing special revenue accounts. The subcommittee assigned this task is Senator Regan, Senator Himsel, Representative Peck, and Representative Miller.

VACANCY  
SAVINGS

House Joint Resolution 43 required the LFC to study vacancy savings. The committee voted to continue vacancy savings and to work on the details of establishing a central pool for vacancy savings problems. There are several states which have a central vacancy savings pool. Agency input has been solicited and the committee will discuss vacancy savings again in November.

LFC EDUCATION  
SUBCOMMITTEE

The Education Subcommittee will meet October 11 to form its issues for a public hearing and to review the teacher cost of education as it exists compared to using the accreditation standards with prudent administration. A public hearing is scheduled for mid-November.

NEXT MEETING  
NOVEMBER 13  
AND 14

The next LFC meeting will be November 13 and 14. If time permits, there will be a discussion on the budget requests of the Department of Highways, the Department of Revenue, the Department of Social and Rehabilitation Services, and the University System.

ADMINISTRATIVE CODE COMMITTEE

HELENA  
MEETING  
OCTOBER 24

The Administrative Code Committee will meet on Friday, October 24, at 8:30 a.m. in Room 104 of the State Capitol. The committee will consider, among other things:

--pooled sick leave fund rules;

--committee bills for the 50th Legislature relating to general ACC oversight of the executive branch to the extent an existing legislative committee has no oversight;

--requiring each department head to appoint a qualified person to review all departmental rule notices for compliance with the Montana Administrative Procedure Act and other law before the notices are filed with the Secretary of State;

--problems with the Workers' Compensation law;

--an update of air quality rules and of the DNRC/Water Court dispute over DNRC rules;

--a Board of Psychologists rule requiring that a person with a doctoral degree from a private institution must have written a thesis or he will not be licensed by the board.

#### COAL TAX OVERSIGHT SUBCOMMITTEE

##### OCTOBER 10 MEETING

The meeting of the Coal Tax Oversight Subcommittee originally set for September 18 was postponed until Friday, October 10, because Chairman "Chris" Christiaens was called out of the state on the first date.

The agenda for the meeting remains as originally set, and the subcommittee will attempt to complete its work for the interim. The meeting will begin at 9 a.m. in Room 108 of the Capitol.

#### REVENUE OVERSIGHT COMMITTEE

##### SEPTEMBER ACTIVE MONTH

The Revenue Oversight Committee met twice during September for a total of five days. The purpose of the first meeting was twofold: (1) to discuss the direction of the "comprehensive tax study" required under House Bill 1 of the June Special Session, and (2) to attend the conference jointly sponsored by the University of Montana and Montana State University on "Taxation and the Montana Economy".

The second meeting was the committee's last regularly scheduled meeting of the 1985-87 interim. Among other things the committee agreed to: have 14 bills drafted at the request of the Department of Revenue; have drafted and sponsor a bill to generally revise Montana procedures for property tax collections, tax delinquencies, and tax sales, a bill that results from the study requested under SJR 14 from the regular session; contract for consulting services for the establishment of a retail sales and use tax data base; and contract with independent public finance experts to perform a "peer review" of the Department of Revenue's pending analysis of the implications to Montana of federal tax reform.

##### NOVEMBER 21 DATE SET

The committee's next meeting is scheduled for Friday, November 21 in Helena. The agenda will be devoted primarily to a discussion of the anticipated effects to Montana of federal tax reform.

A second meeting, scheduled for December 13, will focus on a retail sales and use tax data base currently being developed by the Bureau of Business and Economic Research at the University of Montana.

## COMMITTEE ON INDIAN AFFAIRS

### FINAL MEETING NOVEMBER 22

The Committee on Indian Affairs will wrap up its interim work at its final meeting on Saturday, November 22. The meeting will begin at 9 a.m. in Room 108 of the State Capitol.

Agenda items include an update on the activities of the Reserved Water Rights Compact Commission, a presentation on the Salish-Kootenai Tribe's elementary school alcohol and drug abuse program, and a review of proposed legislation concerning the Indian Child Welfare Act.

## WATER POLICY COMMITTEE

### WATER POLICY COMMITTEE TO MEET OCTOBER 6-7

The Water Policy Committee will meet October 6 and 7 at the Billings Sheraton at 8:30 a.m. Included on the agenda are consideration of hydro-power issues and the draft final report. The committee will begin finalizing recommendations to the 1987 legislature at this time.

## RECENT AGENCY PUBLICATIONS

### LEGISLATIVE FISCAL ANALYST

- Fiscal 1986 General Fund Revenue and Ending Fund Balance Tax Reform
- Budget Amendments
- An Analysis of Earmarking and State Special Revenue Accounts in Montana
- Vacancy Savings Study
- Proprietary Fund
- Possible Violation of State Statute Regarding Building Construction

### LEGISLATIVE COUNCIL

- Bill Drafting Manual: 1986
- Legal Memoranda:
  - Potential Implementation of CI-27
  - Constitutional Initiative 27: Transition Considerations
  - Substantive Law in General Appropriations Bills
  - Summary of Class 3 and Class 4 Property Tax Changes by 49th Legislature

ENVIRONMENTAL QUALITY COUNCIL

- A Comparison of Environmental Regulation of the Oil and Gas Industry in the Rocky States and Alberta
- Montana Environmental Policy Act Review (MEPA) of Oil and Gas Drilling Permits
- Subdivision Regulation Options Paper
- Northwest Conservation and Electric Power Plan
- DRAFT Final Report of the Water Policy Committee

Refer to the text of this issue for other report references.

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## LEGISLATIVE INTERIM CALENDAR

OCTOBER

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
			1	2	3	4
5	6 --EOC WATER POLICY COMM. -- Billings	7	8	9	10 CON. TAX OVERSIGHT COMM. Rm.108	11 LEG. FINANCE EDUCATION SUBCOMM. Rm.104
12	13 COLUMBUS DAY Holiday	14	15	16	17	18
19	20	21	22	23	24 ACC - Rm.104 DONS. COUNSEL Rm.108	25 INFRASTRUCTURE COMM. - Rm.410
26	27	28	29	30	31	

\*ALL MEETINGS ARE SUBJECT TO CHANGE

LEGISLATIVE INTERIM CALENDAR  
NOVEMBER

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
						1
2	3	4 ELECTION DAY	5		7 VO-TECH & JOB TRAINING - Rm. 104 LEG. COUNCIL Rm. 132	8
9	10	11 VETERANS DAY	12	13 -----LEGISLATIVE FINANCE----- Rm. 108 ----- EQC ----- CTO - Rm. 104	14 -----LEGISLATIVE Rm. 108 ----- EQC ----- CTO - Rm. 104	15 -----LEGISLATIVE Rm. 104 ----- EQC ----- LIEN LAWS - Rm. 108 LEG. AUDIT COMM.
16	17	18	19	20	21 ROC - Rm. 104	22 INDIAN AFFAIRS Rm. 108 LIABILITY ISSUES - Rm. 104
23	24	25	26	27	28	29
30				THANKSGIVING		

\*ALL MEETINGS ARE SUBJECT TO CHANGE



